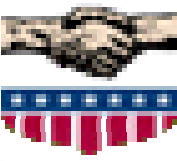




Pension Reform CEE Information

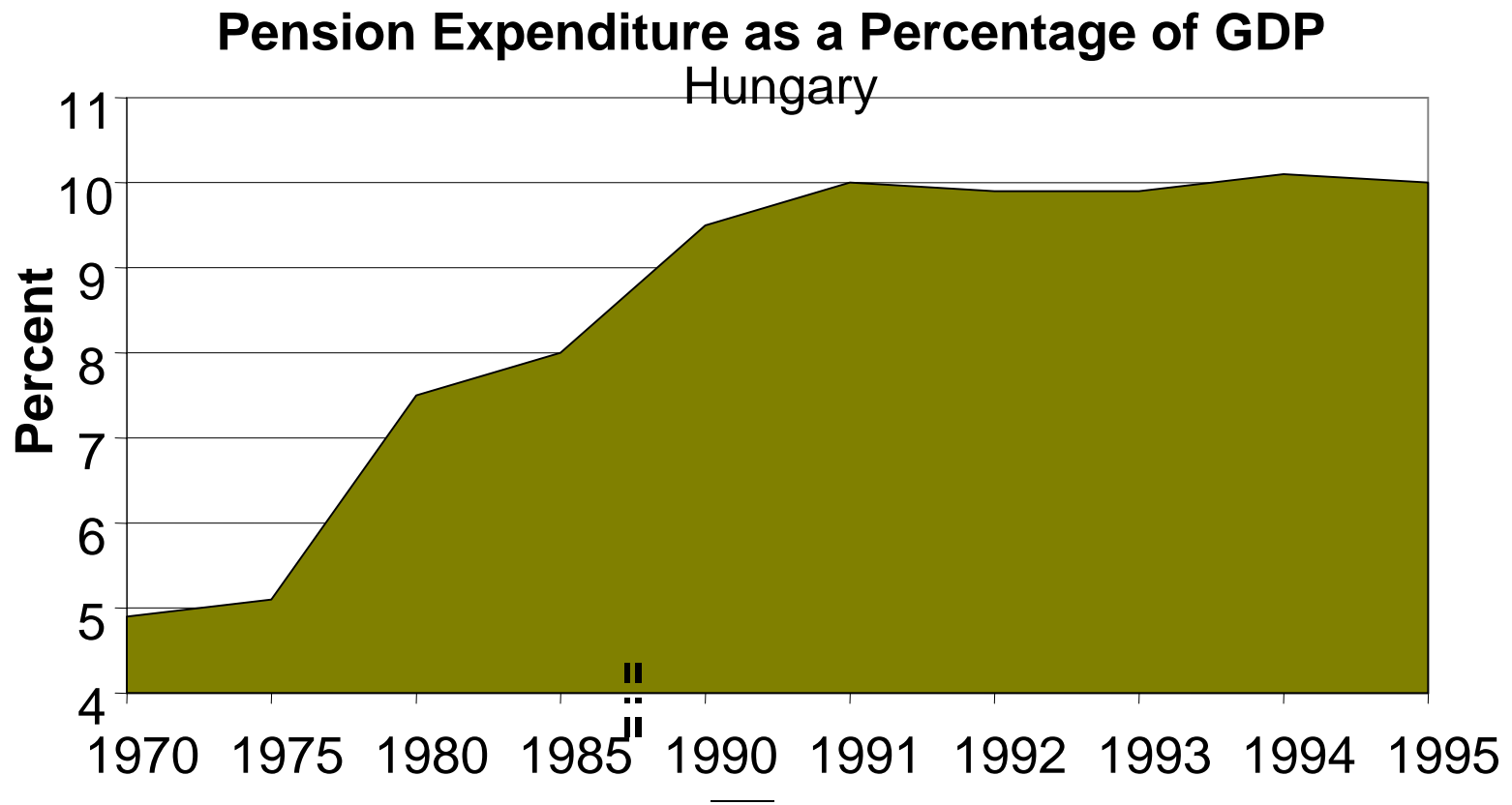
Denise Lamaute
December 20, 2002





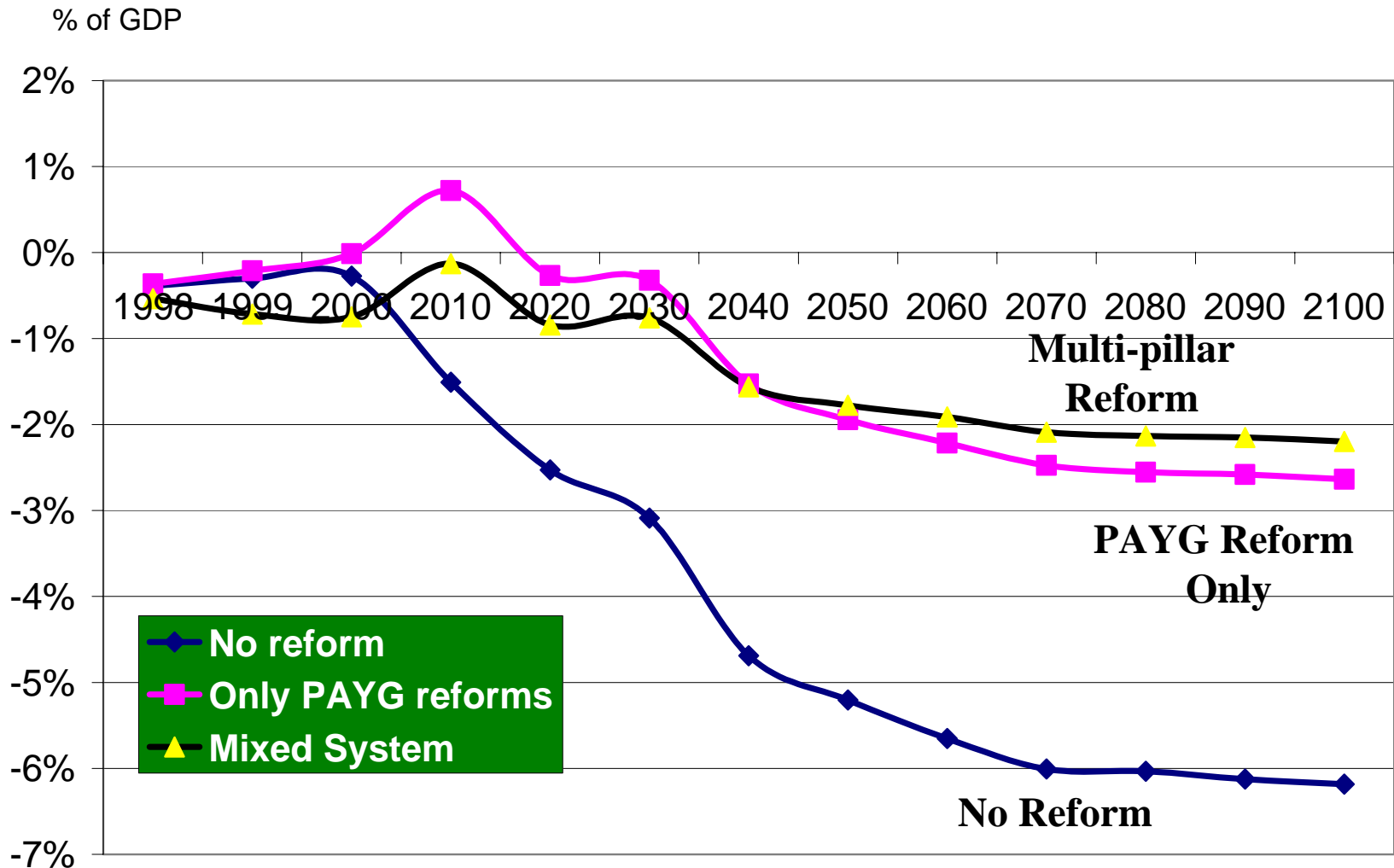
Hungary's Pension Reform

Hungary Pension Expenditures



Hungary

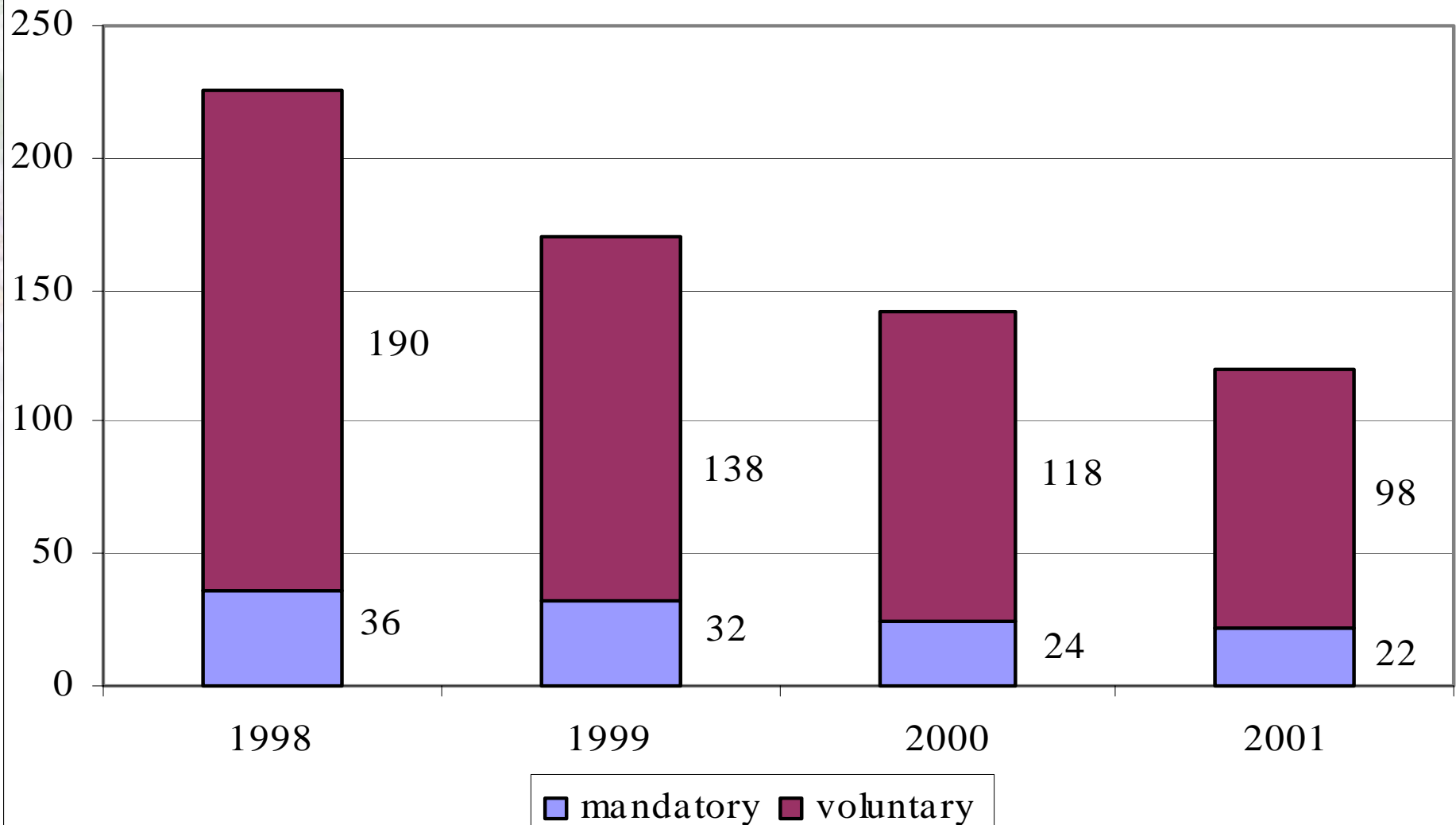
Deficit of the Pension System



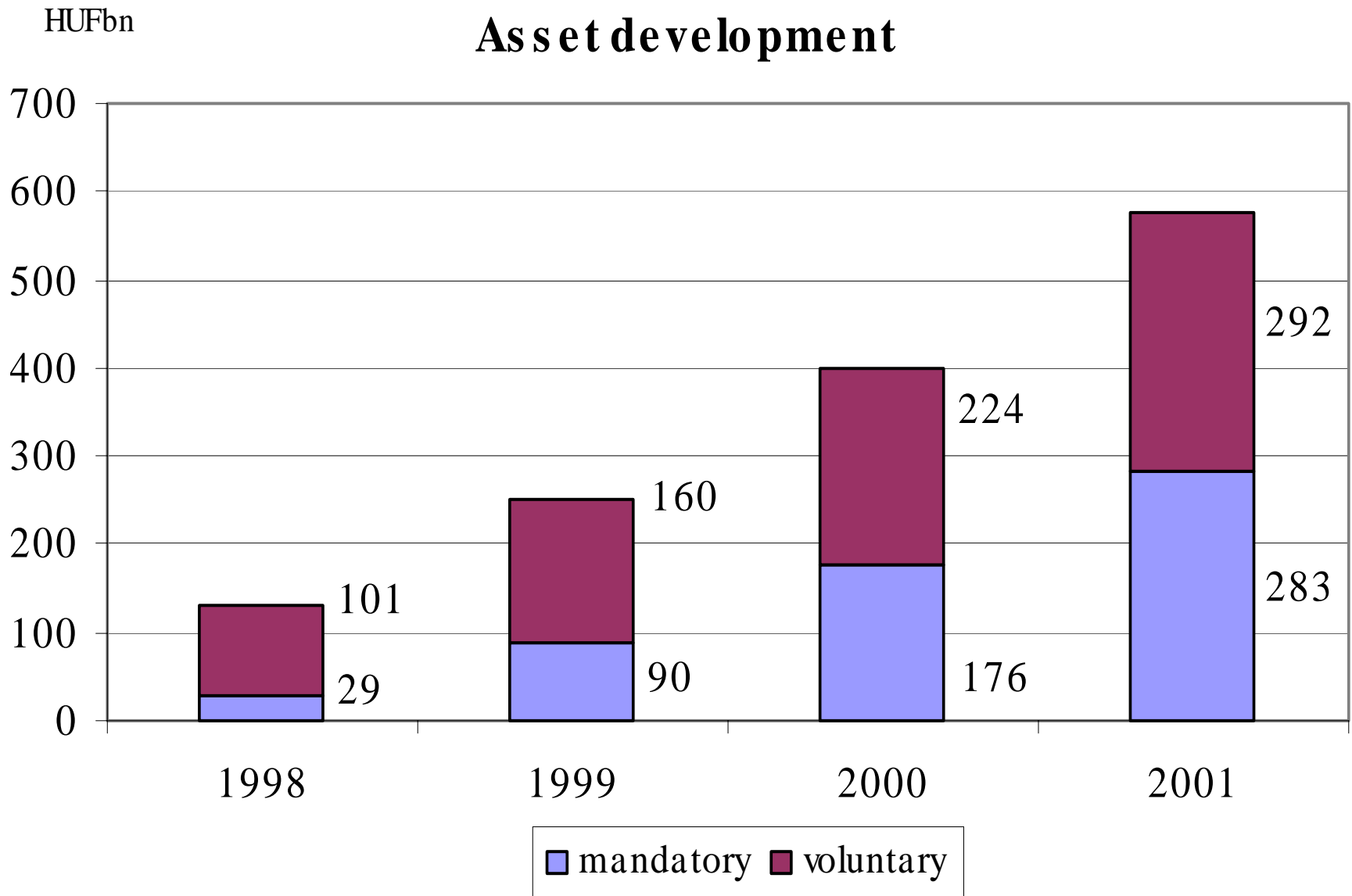
Hungary

Number of Market Players

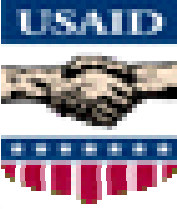
Number of pension funds



Hungary's Pension Fund Assets



Contribution Collection Systems

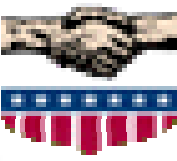


✓ Hungary

- ▢ Decentralized
- ▢ Employers Remit Payments Directly to the Selected PPFs

✓ Poland

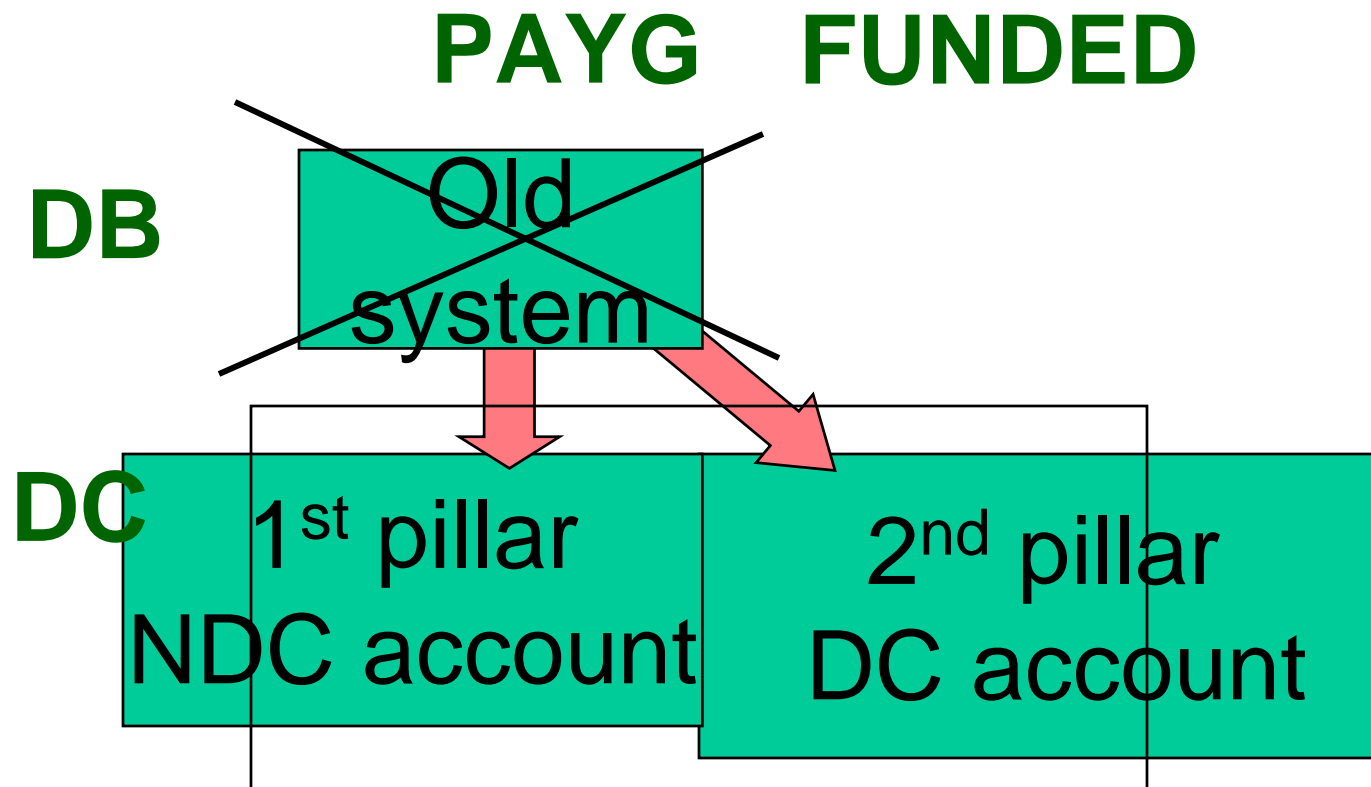
- ▢ Centralized
- ▢ Social Security Agency Collects



Poland's Pension Reform

"Security Through Diversity"

Poland's Pension Reform





Poland's 3-Pillar System

Pillar I Individual account

- «Mandatory
- «Notional Defined Contribution (NDC)
- «Managed by ZUS, a government agency

Pillar II Individual (financial) account

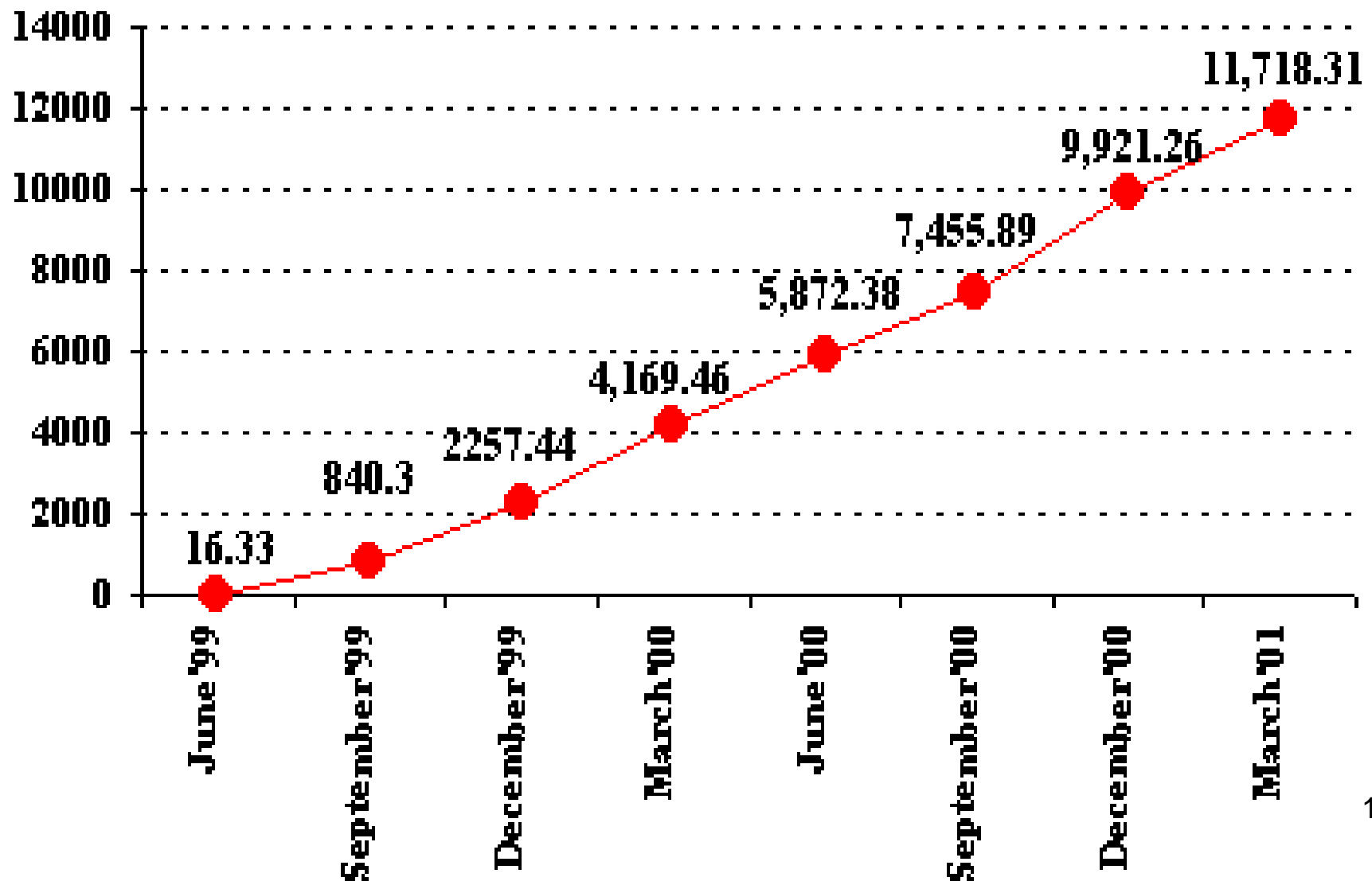
- «Mandatory
- «Managed by private firms

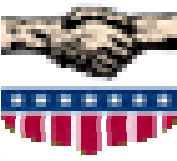
Pillar III Voluntary

- «Individual and occupational

Poland's Pension Fund Assets in 1999-2001

million PLN





Bulgaria's Pension Reform



Bulgaria's New Pension System

First Pillar:

- Reformed pay-as- you-go

Second Pillar:

- Occupational pension funds
- Universal pension funds

Third Pillar :

- Voluntary pension funds



Bulgaria's Mandatory Pension System

Mandatory PAYGO – state managed
contribution 29% of the payroll for people born before 1959
27% of the payroll for people born after 1959

Supplementary Mandatory Pension Insurance
for people born after 1959 – privately managed
The law was enacted as of the end of 1999

Occupational funds

7% and 12% of the contribution.

Collecting contributions from January 2000

Universal funds

2% of the contribution

Collecting contributions from January 2002



Bulgarian Private Pension Funds

Pension Insurance Company(Registered as shareholding company and holding a pension license from the State Insurance Supervision Agency)

Occupational Pension Fund

(Registered as a legal entity. Members of the Fund are only workers with hazardous professions. Their purpose is their early retirement.)

Universal Pension Fund

(Registered as a legal entity. The Fund is open for all people born after 1959. The purpose is to receive a second life-time pension.)

Voluntary Pension Fund

(Founded by the Pension Insurance Company and registered in Court as a legal entity.)



Bulgaria's Pension Reform

- ◆ Increased retirement age to 63 years for men and 60 years for women
- ◆ Increased the division of the contributions between the employer and employee which will reach 50:50 in 2003
- ◆ Decreased the number of workers eligible for early retirement from 500,000 to less than 150,000.



Bulgaria's Private Pension Fund Assets

- August 2002 the total amount of **assets** managed by the Bulgarian Universal and Occupational Pension Funds **\$48,908,705 USD**
- The projections for the next 5 years - end of 2007 **\$889,590,795* USD**

*the projections are made on the basis that the government projects to increase the contribution to 5% Source: Carana Corporation

Bulgaria's Pension Assets as of June 30 2002

